MEDICAID OPTIONS STUDY REPORT THREE

NOVEMBER 5, 2012



Wyoming Department of Health

MEDICAID OPTIONS STUDY REPORT THREE

November 5, 2012

Prepared by

Medicaid Options Study Internal Work Group



Thomas O. Forslund Director

Wyoming Department of Health

TABLE OF CONTENTS

Executive Summary	4
Section I: Introduction and Overview	8
Overview: Medicaid Options Study	8
Report Three Roadmap	9
Section II: Analysis	10
Section III: Explanation of Recommendations	11
Section IV: Recommendations Medicaid Health Care Services	13
Section V: Recommendations Medicaid Long Term Care Services	21
Section VI: Recommendations Medicaid DD & ABI Services	26
Section VII: Conclusion	33
The Path to Cost Savings	33
Next Steps for Decision-Makers	34
Appendix A: Wyoming Medicaid Current Activities Highlights	35
Highlighted Activities Medicaid Health Care Services	35
Highlighted Activities Long Term Care (LTC) Services	36
Highlighted Activities DD & ABI Services	37
Appendix B: Consultant Reports	39
Analysis of the Medicaid Health Home Option: Section 2703 of the Affordable Ca	
Analysis of Medicaid Managed Care in WyomingError! Bookmark no	ot defined.
Analysis of Section 1115 Waiver Options in Wyoming Error! Bookmark no	ot defined.

EXECUTIVE SUMMARY

Over the last several months, the Wyoming Department of Health (WDH) has endeavored to conduct a comprehensive, well-informed study of the Wyoming Medicaid System. During this study, the WDH used the best available data to identify what drives costs in Wyoming Medicaid, and to develop recommendations for controlling these costs.

The Medicaid Options Study was divided into three parts and presented in three separate reports. This final report, Report Three, represents the culmination of the entirety of the work completed. In this report, the WDH proposes its recommendations for reforms or redesigns of Wyoming Medicaid. If successfully implemented, these recommendations could stabilize or minimize cost increases for years to come.

Using data, information, input and research, the WDH identified three major areas within Wyoming Medicaid that could benefit from reform or redesign. These areas are: health care services, long term care services, and developmental disability and acquired brain injury services. Within each of these areas, multiple recommendations are presented in optional "packages." There are three "packages" of recommendations proposed for each area. The three packages represent three different levels of system redesign. The recommendations included in Package 1 will lead to moderate system redesign, the recommendations in Package 2 will lead to significant system redesign, and the recommendations in Package 3 would result in transformation of the system.

In addition to the three "packages" of recommendations, "foundation" recommendations are also included. These foundation recommendations are considered so necessary to successful reform that they are advocated no matter which package of recommendations is chosen.

The table below shows the general layout of Sections IV, V, and VI. Graphic summaries of each area's packages and foundations are presented on the next three pages (and detailed in Sections IV, V, and VI).

Recommendations | General Presentation Layout

Health Care Services		Long Term Care Services		DD & ABI Services				
Package 1	Package 2	Package 3	Package 1	Package 2	Package 3	Package 1	Package 2	Package 3
Foundation			Foundation		Foundation			

Medicaid Health Care Services

To achieve better outcomes for all Medicaid clients through improvements to the system that result in lower health care costs.

Package One

- A. Bundled payments
- B. Global payments
- C. Require screening, brief intervention, and referral to treatment (SBIRT) for pregnancy/maternity
- D. Care Management
 Entity model for
 children with
 emotional
 disturbances or
 disorders

Package Two

- A. Managed care targeted at certain high-cost or high-risk populations such as:
 - Waiver Services
 - Elderly Adults
 - Behavioral Health Services
- B. Health Homes
- C. More intensive healthcare management for foster care children

Package Three

A. Managed care for entire Medicaid population

- A. Incentives (for recipients and providers)
- B. Decrease unnecessary emergency room use (nurse hotline, targeted education, and increased monitoring for high utilization and drug-seeking behavior, etc.)
- C. Enhance current case management and expand chronic care and disease management
- D. Include supplementary and diversionary activities in the application/renewal process
- E. Statutory changes to Psychiatric Residential Treatment Facilities (PRTFs) to ensure maximum federal reimbursement
- F. Provide prenatal services to all pregnant women that deliver Medicaid-eligible babies
- G. Extend behavioral health services offered by Medicaid to cost-shift away from services provided by state-funded programs
- H. Replace existing Medicaid Management Information System (MMIS)
- I. Increase fraud prevention and reduction activities

Medicaid Long Term Care

To provide long term care services to eligible elderly and physically disabled Wyoming residents, to enable them to remain in community settings that meet both their functional and medical needs.

Package One

- A. Redesign the nursing facility reimbursement method to factor in the needs of the patient
- B. Promote an increase in the number of PACE programs in Wyoming

Package Two

- A. Eliminate state
 legislative cap on the
 number of slots in the
 Long Term Care (LTC)
 waiver
- B. Tighten standards for nursing home eligibility
 - a. Implement separate eligibility for LTC and nursing home admission (ex. Tennessee)

Package Three

A. Managed care for entire elderly population

- A. Modify LT 101 functional assessments to use a different standard for eligibility
- B. Enhanced case management during times of transitions (e.g., from home to nursing home)
- C. Enhanced payment to providers during times of transition to incentivize positive outcomes

Medicaid Developmental Disability (DD) and Acquired Brain Injury (ABI) Services

Support all eligible Wyoming residents with developmental disabilities and acquired brain injuries by using existing natural supports, building upon other available resources and programs, and funding Medicaid services based upon assessed needs to support staying in the community.

Package One

By 2019-2020:

A. Create a new support DD/ABI waiver,

and

B. Create a new comprehensive DD/ ABI waiver;

then,

C. Phase out Child DD, Adult DD, and ABI waiver and transition clients to new waivers

Package Two

By 2015-2016:

A. Create a new support DD/ABI waiver,

and

B. Create a new comprehensive DD/ABI waiver;

then,

C. Phase out Child DD, Adult DD, and ABI waiver and transition clients to new waivers

Package Three

- A. Managed care for DD and ABI population
- B. Transition clients from
 Wyoming Life
 Resource Center to
 community settings

- A. Adjust individual budget amounts for each person served on the waivers to reflect the needs of the person based on the assessment, rather than historical amounts.
- B. Implement service caps and revise service definitions
- C. Transition from higher cost services (e.g., Residential Habilitation and Day Habilitation) and move toward higher utilization of community-based services
- D. Implement "conflict-free" independent case management by CMS Standards (e.g., prohibit providers of services from being case managers)

Overview: Medicaid Options Study

During the Sixty-First Legislature of the State of Wyoming 2012 Budget Session, the Wyoming Legislature passed Original Senate File No. 0034, Enrolled Act No. 58, Senate (hereinafter SEA0058 or the Medicaid Options Study legislation) requiring the WDH to conduct a study into the Medicaid system. This legislation required the WDH to:

analyze the cost drivers and identify other areas within the Medicaid program that may benefit from redesign, to evaluate potential redesign of current Medicaid programs and to evaluate the design of Medicaid programs mandated by the Patient Protection and Affordable Care Act, P.L. 111-148, and the Health Care and Education Reconciliation Act of 2010, P.L. 111-152, hereinafter referred to collectively as 'the health care reform acts.' *See SEA0058*.

SEA0058 required the WDH to present preliminary reports to the Joint Labor, Health and Social Services Interim Committee on June 1, 2012 and October 1, 2012,¹ with a final report due by December 1, 2012². The Legislature appropriated \$200,000 to the WDH to complete this study.

In order to meet the requirements set out by SEA0058, the WDH created an in-house team made up of Medicaid staff, fiscal staff, policy staff and Senior Administrators, to work with stakeholders, subject matter experts, and consultants to conduct this study. This team determined that the best strategy to completing a quality study would be to dissect the study into three phases, each resulting in a report.

Overview of Reports

Report One:
Observation
Observation

Report Two:
Analysis and Options

Report Three:
Recommendations

Overview
Data Reconciliation
Identification of High Growth/High Cost
Areas

Identification of Wyoming Medicaid Cost
Drivers
Presentation of Options

Completed Evaluation
Recommendations

¹ The original deadline for Report Two was moved up, so that this report could be presented at the Joint Labor, Health and Social Services Interim Committee meeting held in Lovell, WY on September 4, 5, and 6th, 2012.

² The original deadline for Report Three was moved up, so that this report could be presented at the Joint Labor, Health and Social Services Interim Committee meeting held in Casper, WY on November 12th and 13th, 2012.

Report One, dated June 1, 2012, discussed overall Medicaid system costs, as well as potential contributing factors to cost increases. The report included results from significant research into specific Wyoming Medicaid data, compared Wyoming Medicaid to national and regional Medicaid systems, and summarized current cost containment efforts implemented by Wyoming Medicaid.

Report Two explored the "high-level interest areas" identified in Report One, along with overall Medicaid system costs, to identify specific cost drivers within Wyoming Medicaid. Additionally, this report presented over 120 individual options that could be considered by the State to improve Wyoming Medicaid. These options were organized into six groupings based on the Medicaid eligibility group to which they applied. These included Elderly and Physically Disabled; Adults with Developmental Disabilities; Children with Developmental Disabilities; Pregnant Women and Newborns; Family Care Adults; Foster Care Children; and, Children. Report Two was informed by extensive staff research, expert contractors, and robust outside stakeholder input.

Reports One and Two focused on identifying and analyzing/evaluating data and options. Report Three, the culmination of the research and analysis performed in the two prior reports , presents recommendations for the modification or redesign of the existing Wyoming Medicaid system . These recommendations are offered as 'packages' that have been designed around three areas: health care services, long term care services, and the developmental disabilities (DD) and acquired brain injury (ABI) waiver services. These packages represent the best possible choices for Wyoming Medicaid, based on the work completed throughout the past year.

Report Three Roadmap

Section I: Introduction and Overview

Section II: Analysis

Section III: Explanation of Recommendations

Section IV: Recommendations | Medicaid Health Care Services

Section V: Recommendations | Long Term Care Services

Section VI: Recommendations | Developmental Disability and Acquired Brain Injury

Services

Section VII: Conclusion

SECTION II: ANALYSIS

Report Three: Steps Taken

The use of Wyoming Medicaid data has been central throughout the preparation of the three reports in this study. The WDH used the best available data to identify what drives costs in Wyoming Medicaid, and to develop recommendations for controlling these costs. Throughout the study process, a variety of resources have been used, including input from internal and external stakeholders.

Report One began by examining the costs associated with Wyoming Medicaid over a period of four years. The data revealed that utilization (and associated cost) of Medicaid services differed greatly across eligibility groups. Thus, eligibility groups were dissected into sub-groups and examined in an attempt to further clarify use/cost patterns³.

The most costly sub-groups of Medicaid recipients were examined in Report Two, where the primary focus was the identification of cost drivers. The 13 most costly sub-groups were compiled into six related groups of recipients to frame the discussion of options for Medicaid system redesign. The groups included Elderly and Physically Disabled; Adults with Developmental Disabilities; Children with Developmental Disabilities; Pregnant Women and Newborns; Family Care Adults; Foster Care Children; and, Children.⁴ Numerous reform/redesign options for the Medicaid programs serving these groups were presented in Report Two.

For this final report, the options presented in Report Two were examined by the Medicaid Options Study Internal Work Group. The options were rank-ordered based on a number of factors, including: feasibility, time to implementation, and likelihood for significant cost savings to Wyoming Medicaid. During this examination, internal and external feedback was considered.

The final recommendations of the WDH are presented in this report. WDH offers final recommendations for three areas identified as in need of reform or redesign. The areas identified are: (1) Medicaid Health Care Services, (2) Long Term Care Services, and (3) Developmental Disabilities and Acquired Brain Injury Waiver Services.

³ See Report One, Table 6: Medicaid Program Sub-Groups Change in Cost, Recipients, and Cost Per Recipients 2008-2011

See Report Two, Table A: Wyoming Medicaid | Chosen Sub-Groups for a complete list of sub-groups and groups (p.8).

SECTION III: EXPLANATION OF RECOMMENDATIONS

WDH has identified three areas within Wyoming Medicaid that could benefit from reform or redesign. These areas are: (1) Medicaid Health Care Services, (2) Long Term Care Services, and (3) Developmental Disabilities and Acquired Brain Injury Services.

Health Care Services. Health Care services are available to all Wyoming Medicaid recipients. These services include hospital care (inpatient and outpatient), physician care (medical and surgical services, supplies, x-rays, laboratory tests, etc.), prescription drugs, behavioral health services, and other general medical care.

Long Term Care Services. Long term care services include skilled nursing facility care, the Long Term Care Waiver, and the Assisted Living Facility Waiver. These services are generally used by the elderly and physically disabled,⁵ are long-term in duration, and usually involve a wide range of supports.

DD and ABI Services. Services for the developmentally disabled and acquired brain injury populations include waivers that allow the Medicaid system to pay for additional services beyond health care services. These waivers were created to allow an alternative to institutionalization. Other services provided to these populations include care provided at the Wyoming Life Resource Center.

Layout of Recommendations

WDH's recommendations are presented in Sections IV-VI. WDH proposes recommendations for each of the three areas it has identified as in need of reform or redesign. Within each of these areas, multiple recommendations are presented in optional "packages." There are three "packages" of recommendations proposed for each of the areas. In addition to the three "packages" of recommendations, "foundation" recommendations are also included. These foundation recommendations are considered so necessary to successful reform, that they are advocated no matter which package of recommendations is chosen.

The three packages represent three different levels of system redesign. The recommendations included in Package 1 would provide moderate system redesign, the recommendations in Package 2 would provide significant system redesign, and the recommendations in Package 3 would result in transformation of the system.

_

⁵ Physically disabled as used in this section may include SSI clients, but because this section is based on type of service rather than Medicaid eligibility population, the more general term physically disabled is used.

Recommendations | General Presentation Layout

Health Care Services		Long Term Care Services		DD & ABI Services				
Package 1	Package 2	Package 3	Package 1	Package 2	Package 3	Package 1	Package 2	Package 3
Foundation			Foundation		Foundation			

Sections IV-VI include an introduction of each area identified as in need of redesign and an examination of the recommendations for that area. The recommendations are summarized in a graphic, followed by multiple detail tables.

The summary graphic includes the overarching goal for system redesign at the top of the graphic. In the center of the graphic, the three "packages" of recommendations are presented. The foundation recommendations are included at the bottom of the graphic.

Additional information on the recommendations is included in detailed tables which follows the summary graphic.

SECTION IV: RECOMMENDATIONS | MEDICAID HEALTH CARE SERVICES

Description of Health Care Services

Health care services are available to all Wyoming Medicaid recipients. These services include hospital care (inpatient and outpatient), physician care (medical and surgical services, supplies, x-rays, laboratory tests, etc.), prescription drugs, behavioral health services, and other general medical care. All recipients of Medicaid are eligible to receive health care services; thus, reforms to this area would impact all Medicaid recipients.

Problem Statement

In developing recommendations for health care services, the WHD's focus was to identify ways to minimize the growth in overall cost per recipient. While the continued growth in number of recipients is not something that can be controlled by the program, the cost per recipient is something that can be impacted through administrative, statutory, or state plan changes.

Overview of Packages for Health Care Services

Foundation. Certain recommendations were considered to be foundational. These foundational changes are recommended by the WDH regardless of which package is chosen, as they are necessary building blocks for the future success of the system.

Three distinct packages were created by grouping recommendations that were complimentary to one another.

Package 1. This package includes recommendations that would result in moderate changes to the existing Medicaid health care system. It would alter the existing payment structure, increase the emphasis on preventive care for maternity cases, and expand the availability of coordinated care for children with emotional disturbances or disorders.

Package 2. This package includes recommendations that would result in significant change to the existing Medicaid system. It would implement managed care for certain high-cost or high-risk populations, implement health homes, and increase the provision of intensive healthcare management for foster care children.

Package 3. This package includes recommendations that are transformational to the current system, and will completely alter its functions for clients, providers, and the State. This package includes implementation of managed care for the entire Medicaid population.

Medicaid Health Care Services

To achieve better outcomes for all Medicaid clients through improvements to the system that result in lower health care costs.

Package One

- A. Bundled payments
- B. Global payments
- C. Require screening, brief intervention, and referral to treatment (SBIRT) for pregnancy/maternity
- D. Care Management
 Entity model for
 children with
 emotional
 disturbances or
 disorders

Package Two

- A. Managed care targeted at certain high-cost or high-risk populations such as:
 - Waiver Services
 - Elderly Adults
 - Behavioral Health Services
- B. Health Homes
- C. More intensive healthcare management for foster care children

Package Three

A. Managed care for entire Medicaid population

- A. Incentives (for recipients and providers)
- B. Decrease unnecessary emergency room use (nurse hotline, targeted education, and increased monitoring for high utilization and drug-seeking behavior, etc.)
- C. Enhance current case management and expand chronic care and disease management
- D. Include supplementary and diversionary activities in the application/renewal process
- E. Statutory changes to Psychiatric Residential Treatment Facilities (PRTFs) to ensure maximum federal reimbursement
- F. Provide prenatal services to all pregnant women that deliver Medicaid-eligible babies
- G. Extend behavioral health services offered by Medicaid to cost-shift away from services provided by state-funded programs
- H. Replace existing Medicaid Management Information System (MMIS)
- I. Increase fraud prevention and reduction activities

Overview of Detail Tables for Health Care Services

The tables that follow present details about the recommendations summarized in the previous graphic. There are three columns at the far right side of each table that indicate the action required, the anticipated timeframe, and a reference to the full description of each concept from Report Two of the Medicaid Options Study. The tables are presented in sections, with the foundational items appearing first, followed by tables detailing Package One, Package Two, and Package Three.

In the tables, there are 2 columns that require additional explanation. In the "Action Required" column, a "statute change" indicates that the recommendation requires action and approval by the Wyoming Legislature. A "state plan amendment" indicates that the recommendation may require action and approval by Wyoming Legislature and/or the Centers for Medicaid and Medicare (CMS). A "WDH Internal action" indicates that action is required by the Wyoming Department of Health.

In the "Timeline" column, the term "short" indicates that implementation of the recommendation would take less than 1 year; "medium" indicates that the implementation of the recommendation would take 1-3 years; and, "long" indicates that the implementation of the recommendation would take more than 3 years. These are estimated time frames and would vary based on other constraints that are out of the control of the WDH.

Medicaid Health Care Services						
	Foundation					
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Incentives (for recipients and providers)	 Use incentives to encourage recipients to engage in certain activities or change behaviors (e.g., primary care visits, smoking cessation) Use incentives to encourage providers to meet certain outcomes (e.g., prenatal care) 	Statute Change/ State Plan Amendment	Medium	p.19,69, 70		
Decrease unnecessary emergency room use	 Nurse hotline, targeted education, and increased monitoring for high utilization and drug-seeking behavior, etc. 	WDH Internal	Short	p.19- 20,67		
Enhance current case management and expand chronic care and disease management	 Expand to focus on additional recipients by creating tiers of services More intense management for high-cost clients 	State Plan Amendment	Medium	p.25-26		
Include supplementary and diversionary activities in the application/renewal process	 Supplementary and diversionary activities include: WIC and SNAP referrals, job training, and referrals. 	State Plan Amendment	Short	p.23,67		
Statutory changes to Psychiatric Residential Treatment Facilities (PRTFs) to ensure maximum federal reimbursement	 Preclude court ordered placements at specific PRTFs. Enforce medical assessment before PRTF placement orders by court Prevent unnecessary PRTF placements and reduce readmissions 	Statute Change	Short	p.78-79		
Provide prenatal services to all pregnant women that will deliver Medicaid-eligible babies	 Reduce the complications associated with lack of prenatal care. 	Statute Change/ State Plan Amendment	Short	p.68		

Medicaid Health Care Services						
	Foundation (continued))				
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Extend behavioral health services offered by Medicaid to cost-shift away from services provided by state- funded programs	 Existing state programs cover a number of behavioral health services Offering these services in Medicaid would shift expenses from state general fund programs to maximize the federal match 	Legislative/ State Plan Amendment	Short	p.23-24		
Replace existing Medicaid Management Information System (MMIS)	 A 90% federal match is temporarily available for the replacement of existing Medicaid claims processing systems A 75% federal match is available for ongoing system maintenance 	Legislative/ WDH Internal	Medium	p.21		
Increase fraud prevention and reduction activities	 Fraud represents a loss of resources that could be used for services More fraud could be prevented by reallocating internal resources 	WDH Internal	Short	p.22		

Medicaid Health Care Services Package One						
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Bundled payments	 Bundled payments are predetermined payments to providers for specific episodes of care during a pre-defined time period or event 	Statute Change/ State Plan Amendment / WDH Internal	Medium	p.15		
Global payments	 A per-person capitated payment made to providers to cover care for a set period of time 	Statute Change/ State Plan Amendment / WDH Internal	Medium	p.16		
Require screening, brief intervention, and referral to treatment (SBIRT) for pregnancy/maternity	 SBIRT is an integrated approach to the delivery of early intervention and treatment services for people with substance use or abuse issues. The goal is to provide screening for substance abuse as part of routine maternity care. SBIRT is currently a recommended practice, but not required. 	State Plan Amendment / WDH Internal	Short	p.70		
Care Management Entity (CME) model for children with emotional disturbances or disorders	 The CME pilot currently operating in the SE region of Wyoming provides centralized behavioral health care coordination to children. It is recommended that this model be evaluated and expanded to other regions of the state, where applicable. 	State Plan Amendment / WDH Internal	Medium	p.79		

Medicaid Health Care Services Package Two							
Changes	Additional Information	Action Required	Timeline	Options Report 2			
Managed care targeted at certain high-cost or high-risk populations	 Managed care would be implemented for specific groups, such as: waiver services clients, elderly adults, behavioral health services clients 	Statute Change/ State Plan Amendment / WDH Internal	Medium	p.25			
Health Homes ⁶	 Health homes provide access to comprehensive primary care, non-emergent care, behavioral health care, and result in more coordinated care. In addition to grants that WY has received (WYICN), an enhanced federal match rate is available to develop health homes for clients with specific conditions (e.g., chronic conditions, mental health, etc.). 	State Plan Amendment / WDH Internal	Medium	p.18			
More intensive health care management for Foster Care children	 Foster care children often present with multiple conditions/needs and lack consistent and/or continuous experiences in the healthcare system. Intensive healthcare management (designation of primary care provider, wraparound service delivery model, third party review of PRTF placements, etc.) could improve the outcomes of this group. 	Statute Change (if desired) / WDH Internal	Medium	p.80			

⁶ The term "health homes" includes both behavioral health homes and medical homes. Additional information on the implementation of health homes in Wyoming can be found in Appendix B.

Medicaid Health Care Services Package Three							
Changes		Additional Information	Action Required	Timeline	Options Report 2		
Managed care for entire Medicaid population ⁷		Managed care would be implemented for the entire Medicaid population (not just high-risk or high-cost groups). A managed care organization would be paid a capitated rate per client to cover all or a selection of services (as decided by the state). The organization then has an incentive to manage the population's health within the allocated amount. Wyoming is one of only three states that do not utilize managed care for at least a portion of its Medicaid population.	Statute Change/ State Plan Amendment / WDH Internal	Medium	p.17		

⁷ More details about the potential for managed care in Wyoming can be found in Appendix B.

Description of Long Term Care Services

Medicaid long term care services include skilled nursing facility care, the Long Term Care Waiver, and the Assisted Living Facility Waiver. It also includes hospital care needed by recipients in these programs. These services are generally used by the elderly and physically disabled⁸ populations, are long-term in duration, and usually involve a wide range of supports. Long Term Care waiver services are typically provided in the client's home, while skilled nursing facility and Assisted Living Facility waiver are provided at facilities.

Problem Statement

When developing recommendations for long term care services, the WDH focused on identifying ways to keep people in their homes or at a lower intensity of service, and minimizing negative outcomes from transitions between different providers. Generally, costs increase as the length of stay and intensity of services increase. Seniors and persons with physical disabilities may prefer to stay at home or in a less restrictive environment.

Overview of Packages for Long Term Care Services

Foundation. Certain recommendations were considered to be foundational. These foundational changes are recommended by the WDH regardless of which package is chosen, as they are necessary building blocks for the future success of the system.

Three distinct packages were created by grouping options that were complimentary to one another.

Package 1. This package would make nursing facility rates more reflective of client needs and promote a PACE model of coordinated care.

Package 2. This package would allow a more rapid shift from client placements in skilled nursing facilities to home and community based care by expanding access to Long-Term Care waivers.⁹

Package 3. The managed care package is transformational, and will significantly change the way in which the current system functions for clients, providers, and the State. It has the greatest long-term potential for savings. However, the implementation of this package is longer-term.

⁸ Physically disabled, as used in this section, may include SSI clients, but because this section is based on type of service rather than Medicaid eligibility population, the more general term physically disabled is used.

⁹ Expanding the ALF waivers was also considered but staff felt that further research is needed into the impact that subsidizing room and board and removing the legislative cap would have on the cost of the ALF waiver before this step is recommended.

Medicaid Long Term Care

To provide long term care services to eligible elderly and physically disabled Wyoming residents, to enable them to remain in community settings that meet both their functional and medical needs.

Package One

- A. Redesign the nursing facility reimbursement method to factor in the needs of the patient
- B. Promote an increase in the number of PACE programs in Wyoming

Package Two

- A. Eliminate state
 legislative cap on the
 number of slots in the
 Long Term Care (LTC)
 waiver
- B. Tighten standards for nursing home eligibility
 - Implement separate eligibility for LTC and nursing home admission (ex. Tennessee)

Package Three

A. Managed care for entire elderly population

Foundation

- A. Modify LT 101 functional assessments to use a different standard for eligibility
- B. Enhanced case management during times of transitions (e.g., from home to nursing home)
- C. Enhanced payment to providers during times of transition to incentivize positive outcomes

Medicaid Long Term Care | Package Detail Tables

Similar to the Health Care Services tables in Section IV, the tables that follow provides detail for the recommendations summarized in the above graphic. Two additional types of action required were added to those presented in the Health Care Services tables. A waiver amendment requires action by WDH and CMS to alter an existing Waiver. A new waiver requires action by Wyoming legislature, CMS, and WDH to author and approve a new Waiver.

Medicaid Long Term Care Recommendations / Detail Tables

Medicaid Long Term Care							
Foundation							
Changes	Additional Information	Action Required	Timeline *	Options Report 2			
Modify LT 101 functional assessments to use a different standard for eligibility and plans of care	 A functional assessment examines the medical and functional needs of a client, and is the basis for eligibility determinations and service levels for both nursing homes and waivers Utilizing an alternative assessment tool would ensure that all services and placements are appropriate for the client 	State Plan Amendment/ WDH Internal	Medium	p.33			
Enhanced case management during times of transition	 In times of transition, injury and health problems are more likely Transition times include a client's movement between home, hospitals, and nursing facilities 	State Plan Amendment/ WDH Internal	Short	p.40			
Enhanced payment to providers during times of transition to incentivize positive outcomes	 Pay providers for increased coordination and specific client outcomes (to be determined). This will require increased use of electronic health records to improve care coordination, extended monitoring periods by different levels of care, and improved communications between different types of providers. 	State Plan Amendment / WDH Internal	Medium	p.40			

Long Term Care Package One							
Changes	Additional Information	Action Required	Timeline	Options Report 2			
Redesign the nursing facility reimbursement method to include additional factors	 Current method is cost-based A redesign would incorporate other factors, such as percentage of Medicaid clients in the facility, client needs/severity, location of facility, availability of other providers in area, etc. 	State Plan Amendment / WDH Internal	Medium	p.39 (expanded) based on Public Input process			
Promote an increase in the number of PACE programs in Wyoming	 The Program of All-Inclusive Care for the Elderly (PACE) may pay for services that are not be reimbursable by traditional Medicare or Medicaid The program receives a capitated monthly amount to cover all clients' needed care If this program proves cost- effective, it could be expanded in Wyoming 	WDH Internal	Medium	p.32			

Long Term Care Package Two						
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Eliminate state legislative caps on the number of slots in the Long Term Care (LTC) waiver	 LTC waivers are more cost effective than skilled nursing facility placements Due to the waitlist for LTC waiver, some older adults are at risk for being placed in a skilled nursing facility When this occurs, placement in a skilled nursing facility is significantly more expensive than placement on LTC waiver 	Waiver Amendment/ Legislative Approval	Short	p.33-34		
Tighten standards for nursing home eligibility ¹⁰	 Implement more stringent eligibility for nursing home admission Keep current eligibility standard for LTC waiver An example of a state that has implemented this model successfully is Tennessee through an 1115 waiver 	State Plan Amendment or New 1115 Waiver	Medium	p.33		

Long Term Care Package Three							
Changes	Additional Information	Action Required	Timeline	Options Report 2			
Managed care for entire elderly population	 Managed care would be implemented for the elderly population as a whole A managed care organization would be paid a capitated rate per client to cover medical and long term care services. The organization then has an incentive to manage the population's health within the allocated amount, including creative efforts to avoid institutionalization. 	Statute Change/ State Plan Amendment/ WDH Internal	Medium	p.17,31			

An alternative recommendation that could also be explored is to adopt a new eligibility standard for skilled nursing facilities, and pursue a new state plan option for personal care services.

SECTION VI: RECOMMENDATIONS | MEDICAID DD & ABI SERVICES

Description of DD & ABI Services

The recommendations in this section focus on waiver services for children and adults with developmental disabilities and acquired brain injuries. Waivers allow the Medicaid system to pay for additional services beyond health care services (which are available to any Medicaid-eligible person). These waivers were created to allow an alternative to Intermediate Care Facilities for the Intellectually Disabled (ICF-ID)¹¹, and all waivers use the ICF-ID standard for determining eligibility. Examples of waiver services are residential habilitation, day habilitation, supported employment, and respite care.

The Adult DD waiver expires on June 30, 2014. The ABI Waiver expires on June 30, 2014. The Child DD waiver expires on June 30, 2015¹². New waivers to serve the same population can be started at any time, and can have a different design or focus based on what a state determines is needed.

Problem Statement

When developing recommendations for DD and ABI services, the most commonly perceived problem was the growing waitlist and the high cost per waiver slot.

The general goals of the recommendations are to reduce or eliminate the waitlist, while controlling client costs and minimizing the impact to clients and providers. Overall redesign emphasizes services and supports that increase community involvement/integration, employment, and independent living. Desired client outcomes include increased independence, life skills, supported employment, increased integration into the community, and smaller or more diverse residential settings.

Overview of Packages for DD & ABI Services

Foundation. Certain recommendations were considered to be foundational. These foundational changes are recommended by the WDH regardless of which package is chosen, as they are necessary building blocks for the future success of the system.

Three distinct packages were created by grouping options that were complimentary with one another.

¹¹ Wyoming has one ICF-ID facility, the Wyoming Life Resource Center.

¹² For children, eligibility is based on clinical eligibility as well as the child's income based on the 300% SSI standard (\$25,128 in 2012). Generally, any child that meets the clinical criteria is placed on the waitlist for the Child DD waiver, as most children have minimal or no income. Parental income cannot be considered under Wyoming's current eligibility standard. If Wyoming chooses to amend, renew, replace the waiver, it cannot make the eligibility criteria for any child group (under age 19) more restrictive through September 30, 2019 due to maintenance of effort (MOE) requirements in the Affordable Care Act. If Wyoming does decide to change the income standards when the MOE expires, it would require a State Plan Amendment in addition to the Waiver change.

Package 1. This package would create a supports waiver and a comprehensive waiver to replace the current Child DD, Adult DD, and ABI waivers. This package has long transition times to lower the impact to clients and providers, but is less able to reduce the waitlist by 2019-2020.

Package 2. This package is identical to Package 1, but includes a shorter transition period to more rapidly reduce the waitlist by 2015-2016.

Package 3. The managed care package is transformational, and will significantly change the way in which the current system functions for clients, providers, and the State. It has the greatest long-term potential for savings and impact to the waitlist. However, this package is also long-term in nature in terms of implementation.

Medicaid Developmental Disability (DD) and Acquired Brain Injury (ABI) Services

Support all eligible Wyoming residents with developmental disabilities and acquired brain injuries by using existing natural supports, building upon other available resources and programs, and funding Medicaid services based upon assessed needs to support staying in the community.

Package One

- A. Create a new support DD/ABI waiver, and
- B. Create a new comprehensive DD/ABI waiver; then,

By 2019-2020:

C. Phase out Child DD, Adult DD, and ABI waiver and transition clients to new waivers

Package Two

- A. Create a new support DD/ABI waiver, and
- B. Create a new comprehensive DD/ABI waiver; then,

By 2015-2016:

C. Phase out Child DD, Adult DD, and ABI waiver and transition clients to new waivers

Package Three

- A. Managed care for DD and ABI population
- B. Transition clients from
 Wyoming Life
 Resource Center to
 community settings

- A. Adjust individual budget amounts for each person served on the waivers to reflect the needs of the person based on the assessment, rather than historical amounts
- B. Implement service caps and revise service definitions
- C. Transition from higher cost services (e.g., Residential Habilitation and Day Habilitation) and move toward higher utilization of community-based services
- D. Implement "conflict-free" independent case management by CMS Standards (e.g., prohibit providers of services from being case managers)

Medicaid DD & ABI Services | Package Detail Tables

Similar to the Long Term Care Services tables in Section V, the tables that follow provide details for the recommendations for the DD and ABI Services summary graphic.

Medicaid Developmental Disability and Adults with Brain Injuries

Foundation						
Changes	Additional Information	Action Required	Timeline *	Options Report 2		
Adjust per person budget/ change individual cost limit	 Evaluate and reset the per-person budget to more accurately reflect the needs of the individual based on clinical and needs assessments (including natural supports) Implement the current ABI Waiver limit across all waivers, whereby the individual budget amount cannot exceed the cost of institutional care at the Life Resource Center 	WDH Internal, Waiver Amendment	Short	p.45,49, 56,57		
Implement service caps and revise service definitions	 For Child DD Waiver, implement service caps and targeting criteria for services, such as respite care, personal care, etc. Focus services on achieving outcomes of employment, independence, and integration 	Waiver Amendment	Short	p.49, 59, 60		
Transition from higher cost services and move towards higher utilization of community-based services	 While these services are appropriate in some situations, non-facility based services may better meet the needs and desired outcomes of clients Higher cost services include: Residential Habilitation and Day Habilitation 	WDH Internal	Short	p.49		
Implement "conflict-free" independent case management by CMS Standards	 This change would prohibit providers of direct services, or their employers, from being case managers for the same client(s) Lack of independent case managers can lead to life and safety issues, as well as cost increases 	Waiver Amendment / WDH Internal	Medium (if rules- based)	p.50		

Medicaid Developmental Disability and Adults with Brain Injuries Package One Additional Action **Options** Changes Timeline Information Required Report 2 New waiver should have a maximum dollar per person Create a new Support amount New Waiver Short p.45,56 DD/ABI waiver Submit to CMS by 6-30-13 with an anticipated effective date of 1-1-2014. Submit to CMS by 1-1-2015 with **Create a new Comprehensive** an anticipated effective date of 7-New Waiver Medium p.46 DD/ABI waiver 1-15. Renew Adult DD Waiver: Lower to age 18, close new admissions to waiver. o Submit to CMS 3-30-2014 with an anticipated effective date of 7-1-2014. End waiver in 2019. **Renew Child DD Waiver:** o Lower to age 18. Implement more stringent eligibility. Transition ages 18+ to Supports waiver or Comprehensive waiver. Phase out Child DD, Adult o Submit to CMS by 3-30-2015 Waiver DD, and ABI waiver Long p.45,56 with an anticipated effective Amendment date of 7-1-2015. End waiver in 2020. Renew ABI waiver: o Submit to CMS 3-30-2014 with an anticipated effective date of 7-1-2014. Close new admissions to waiver. End waiver in 2019. Transition ABI participants to Comprehensive Waiver or Supports Waiver effective 7-1-2019.

Medicaid Developmental Disability and Adults with Brain Injuries

Package Two						
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Create a new support DD/ABI waiver	 New waiver should have a maximum dollar per person amount Submit to CMS by 6-30-13 for implementation on 1-1-14. 	New Waiver	Short	p.45,56		
Create a new comprehensive DD/ABI waiver	 Submit to CMS by 6-30-13 for implementation on 1-1-14. 	New Waiver	Medium	p.46		
Phase out Child DD, Adult DD, and ABI waiver	 Extend the current Adult DD and ABI Waivers by one year: All three (Child, Adult, & ABI) would end 6-1-2015. Transition all participants to the new waivers by 7-1-2015. One year of overlapping waivers to transition. Fund Support Waiver slots to reduce wait list: No wait list for Support waiver after 2018. 	Waiver Amendment	Medium	p.45		

Package Three						
Changes	Additional Information	Action Required	Timeline	Options Report 2		
Managed care for DD and ABI population	 End 1915(c) waivers by 7-1-2015 and implement an 1115 waiver by 7-1-2015 with similar content of current waivers but with managed care approach and funding model This approach would coordinate medical, behavioral, and waiver services for this population 	State Plan Amendment / New 1115 Waiver	Medium	p.17		
Transition clients from Wyoming Life Resource Center to community settings	 Gradually transition of clients currently living at the Wyoming Life Resource Center to full reliance on community supports. 	WDH Internal	Long	p.48		

SECTION VII: CONCLUSION

Report Three provided an overview of the recommendations from the WDH based on the significant work completed in the Medicaid Options Study. Recommendations were provided in three areas of Wyoming Medicaid (health care services, long term care services, and developmental disability and acquired brain injury services). Changes to the area's "foundation" were suggested, and will be pursued by the WDH regardless of which optional "package" is preferred by decision-makers. More substantial changes were suggested as three "packages" that represented various levels of system redesign. Across all 3 areas, the recommendations included in Package 1 would lead to moderate system redesign, the recommendations in Package 2 would lead to significant system redesign, and the recommendations in Package 3 would result in transformation of the system.

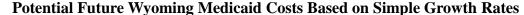
The submission of this report marks the end of the Medicaid Options Study, in compliance with SEA0058. The WDH believes that this process has narrowed myriad options to produce state-specific recommendations for Wyoming Medicaid. These recommendations provide a pathway toward higher quality services, positive outcomes, and improved value.

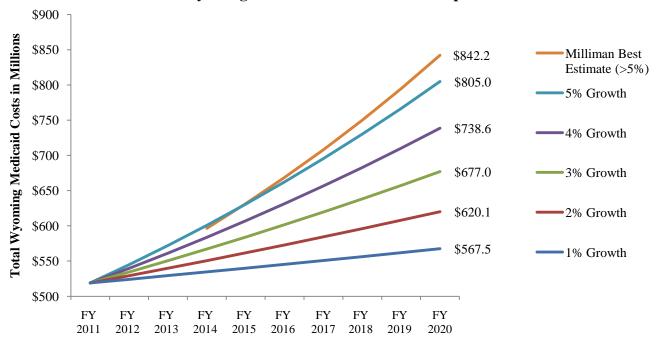
The Path to Cost Savings

While it was not feasible to quantify detailed savings within the time allotted, the structure of Report Three lends itself to the creation of estimates for cost savings over the next eight years. Based on the current Medicaid system, the "foundation" recommendations in this report should be implemented to maintain costs at current levels, and the "packages" could represent a range of cost savings from 1% to 5%.

None of the current recommendations can be implemented overnight. Similarly, it is important to recognize that the savings resulting from these system changes can continue for years to come. In addition, savings to Wyoming can continue to grow as the years pass, with more savings seen in later years because the growth rate would slow.

A simple example of this is shown in the chart on the following page, which uses 2011 costs as a beginning point for a number of growth scenarios for the current system. At the high end of cost estimates through the year 2020, there is the best estimate from the Milliman Inc. Cost Study Report (2012). This estimate shows Wyoming Medicaid costs reaching \$842.2 million per year by 2020 if current growth (over 5% per year) continues without any system reforms or redesign. On the other hand, if reforms or redesigns are implemented, cost growth could be slowed. Although 1% or 2% reductions seem small, these reductions are quite substantial when one considers a program that currently costs over half a billion dollars a year.





Next Steps for Decision-Makers

At this time, it is essential that these packages be considered by decision-makers, and that selections are made so that cost containment efforts can continue and/or expand in a timely fashion. Some of the items in the packages require legislative action, some require a Medicaid State Plan amendment, some require application for a new Waiver from CMS, and still others require combinations of actions. The Wyoming Department of Health will begin working on any selected "package" immediately, especially those recommendations that require formal approval to move ahead. These are not simple or fast processes; therefore, the WDH urges decision-makers to provide guidance on how the WDH should proceed as soon as possible.

While the WDH waits for further guidance from decision-makers, it will continue to enhance or expand internal processes and policies that aim to decrease cost and increase efficiency in Wyoming Medicaid¹³.

. .

 $^{^{\}rm 13}$ Some of these activities are highlighted in Appendix A.

APPENDIX A: WYOMING MEDICAID CURRENT ACTIVITIES | HIGHLIGHTS

The WDH is continually working to improve Wyoming Medicaid. As such, while the Medicaid Options Study was being conducted and recommendations for redesign were being gathered, Wyoming Medicaid has continued to implement improvements to its system. The following paragraphs are presented to supplement Report Three. These paragraphs highlight some of the most promising activities being implemented to improve Wyoming Medicaid. These activities did not require legislative approval and are being undertaken administratively by the WDH or through the rules process.

Highlighted Activities | Medicaid Health Care Services

Improving Data Capabilities

The Medicaid Options Study has given the WDH an opportunity to formalize data analysis and reporting activities to ensure a steady flow of reliable data on a regular basis. This enables management to use accurate and timely information as decisions are made, which ultimately can result in cost-savings to the system. The WDH is continuously improving its use of Medicaid data to enhance its ability to timely and efficiently inform the state's and agency's decision making.

Continuing and Expanding Case Management

In Wyoming Medicaid, the most expensive 5% of the recipients account for 52% of the costs. The most expensive 20% account for 83% of the costs. Wyoming Medicaid currently contracts with a case management entity to provide high intensity case management for certain groups (e.g., those with chronic conditions such as diabetes, etc.) and has been expanding case management to the highest cost recipients (the top 5%) within various categories of eligibility.

Increasing Required Co-payments

Additional or expanded co-payments for Medicaid recipients continue to be implemented where possible and effective. Although Medicaid recipients are currently charged small co-payments for things like prescription drugs (\$0.65 generic; \$3.65 brand name) and physician visits (\$2.45), providers cannot refuse service if the recipient cannot pay the co-payment. The WDH will continue to shift the co-payment structure to one that incentivizes preventive or non-emergent care (e.g., no co-payments for general practice physician visits) and discourages the inappropriate use of emergent care (e.g., a high co-payment for non-emergent use of emergency services) by increasing co-payments where permitted.

Examining of Provider Reimbursement Rates

Wyoming Medicaid actively examines provider reimbursement rates to ensure that they are comparable to similar service rates in the surrounding region. For instance, OB/GYN provider

services are currently reimbursed at 90% of billed charges. This reimbursement methodology results in rates that are significantly higher than surrounding states and the region as a whole. By bringing these rates in line with the regional averages, Medicaid will see declines in cost for maternity and obstetrics services.

Expanding Wyoming's Telehealth Network

The WDH is also a primary stakeholder in the development of Wyoming's telehealth network. This tool is used to deliver services across the vast expanse of this state. Medicaid is continuously expanding ways in which to efficiently use the telehealth network to deliver access to specialized services among provider networks. The increased use of telehealth technology also improves the timeliness of services and client access to specialists, thereby minimizing cost to both clients and providers.

Highlighted Activities | Long Term Care (LTC) Services

The long term care system is experiencing a paradigm shift. Services are shifting toward supporting more integrated and less restrictive models of care and away from more restrictive facility based models. The WDH has supported this change, while supporting the current providers during this transition.

Assisted Living Facility Waiver and Long-Term Care Waiver

Wyoming Medicaid has a number of program design features that help limit costs. Key features are the assisted-living facility waiver and the long-term care waiver, which help limit costs by shifting placements from nursing home level of care to less intensive care.

Ensuring Medicaid as Payer of Last Resort

Wyoming Medicaid is currently administering a number of internal management activities to ensure that Medicare, or other responsible payers, are the primary payers, allowing Medicaid to remain the payer of last resort. Current activities include maximizing payments by Medicare, buying SSI eligible patients into Medicare, ensuring that veterans eligible for Veterans Administration benefits are receiving Veterans Administration benefits, paying private health insurance co-pays if a person is privately insured, and paying Medicare Part A & B premiums for clients eligible for Medicaid and Medicare. These types of activities have reduced and offset costs.

Supporting Less Restrictive Models of Care

Wyoming has been successful at shifting towards a system that balances facility based care and home based care, depending on the needs, preference, and situation of the clients served. It is important to maintain the strength of the skilled nursing facility system while also expanding the home based care system.

Requiring Conflict-Free Assessments and Development of Plans of Care

The Medicaid program currently uses "conflict-free" providers to conduct functional client assessments that determine eligibility and to develop plans of care for its long term care programs. Under this policy, functional assessments¹⁴ and development of plans of care are conducted by public health nurses rather than direct service providers.

Additionally, when public health nurses provide case management services, these specific nurses are not involved in the assessment or direct service provision. Use of independent client assessment and development of plans of care helps to ensure that clients receive appropriate services that are warranted by their specific plan of care. This supports cost control within the system.

Using Community Resources and Natural Supports

Medicaid also promotes the use of community resources and natural supports to supplement Medicaid services. This strategy can lower costs and increase involvement/socialization of the client. This includes the use of the state funded Community Based In-Home Services program for clients with less intense needs. Clients on the state-funded Community Based In-Home Services program are not extended medical eligibility for Medicaid, which limits the cost of the program.

Highlighted Activities | Developmental Disability (DD) & Acquired Brain injury (ABI) Services

The home and community based waiver system is experiencing a paradigm shift towards less facility based models. The Department supports this move towards more integrated and less restrictive models of service, while supporting the current providers of service during this time of transition.

Disallowing Administrative Increases to Individual Budget Amounts

In the past, administrative staff has been able to make changes to individual budget amounts by up to 25 percent. This policy led to rapid growth as the individual budgets increase each year, and can cause significantly higher budgets than would be allocated based on the individual's assessment and the Individual Budget Methodology. The WDH has rescinded this policy and eliminated administrative changes to budgets by a single staff member. Now, all budget increase requests beyond the Individual Budget Amount established by the needs assessment and plan of care must go to the Extraordinary Care Committee, and must meet stringent emergency criteria.

Decreasing Use of the Extraordinary Care Committee

The WDH has tightened and standardized criteria for approving increases to budgets through Extraordinary Care Committee. Heavy use of the Extraordinary Care Committee by clients in previous

¹⁴ Wyoming currently uses the LT 101 assessment standard for functional assessments and the development of plans of care. The 101 standard is one of many in use around the country. As seen in the study "Use of Functional Criteria in Allocating Long-Term Care Benefits: What Are the Policy Implications?" found at http://aspe.hhs.gov/daltcp/reports/functnes.htm the choice of assessment methodology can have a great impact on the overall long term care system.

years resulted in large and rapid individual budget amount increases. This process had previously been overused by clients in the past for non-medically necessary items that would not be allowed based on their ICAP functional assessment score or plan of care. Recent changes to the Extraordinary Care Committee process have created a more formalized process, including stricter definitions of which situations constitute extraordinary care (such as loss of primary caregiver).

Adhering to the Base Individual Budget Amount

Budget increases for short-term or one-time events tend to build up the base Individual Budget Amounts and continue from year to year, even after the event or need that required the initial increase has receded. By removing increases for one-time or short-term events after the event has ended, the Individual Budget Amounts are now more reflective of current client needs.

Other Administrative Activities

- The current strict staffing ratio requirements for residential habilitation and day habilitation will be altered as appropriate to reflect the actual circumstances where these strict staffing ratios are actually needed.
- Provider requirements are being strengthened to ensure services are being provided by qualified staff. The WDH will propose new rules that would limit approval or strengthen qualifications for new group homes and day habilitation facilities. These changes are necessary to ensure the sustainability of current providers as the system shifts towards less facility based models.
- The WDH is researching new standardized assessment tools (possibly the SIS) and basing approval of services on client needs identified in the assessment. Alternatively, internal staff is researching whether the current ICAP score assessment tool could be supplemented with a standardized plan of care assessment to resemble the process that is currently done on the Long-Term Care waiver for elderly and physically disabled clients.
- 1:1¹⁵ staffing was previously automatically required for some clients based on their ICAP score. This often automatically resulted in overstaffing for certain individuals where 1:1 staffing is unnecessary based on the needs of the client. Under a new process, 1:1 requests will be approved through an extensive review and approval process, and only approved for cases where warranted.
- At renewal of the waivers, the individual cost limit for the Adult DD and Child DD waivers will
 be changed to mirror current ABI Waiver, where the individual budget cannot exceed cost of
 ICF-ID
- WDH management and staff at the Wyoming Life Resource Center at researching and implementing efficiency and process improvements.

_

¹⁵ One to one staffing reflects 24 hour care.

APPENDIX B: CONSULTANT REPORTS

At both the June, 2012 and September, 2012 meetings of the Joint Labor, Health, and Social Services Committee, questions were raised regarding the feasibility of implementing certain system options in Wyoming Medicaid. A consultant group (Public Consulting Group, Inc.) was hired to provide an indepth analysis of the potential implementation of health homes, managed care, and 115 waivers in Wyoming. The three reports submitted by this consultant will be available on the Wyoming Department of Health website.